

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SAM-01 CIAE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 COME-00 EB-07 LAB-04 SIL-01 SAJ-01 OMB-01

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P R 201649Z NOV 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 5051

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY MOSCOW

AMCONSUL OPORTO

AMEMBASSY PARIS

AMCONSUL PONTA DELGADA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

USMISSION NATO

DIA WASHDC

USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L LISBON 6925

E.O. 11652: XGDS-4

TAGS: PINT, ELAB, PO

SUBJECT: COMMENTS ON POLITCAL/LABOR SITUATION

REF LISBON 6891 DTG 191971Z NOV 75

SUMMARY: MARIO SOARES'S AIDE TOLD EMBOFF NOV 19 THAT COUNCIL
OF MINISTERS WOULD NOT BE BOUND BY ILLEGAL AGREEMENT TO CONDUCT
INQUIRY INTO LABOR MINISTRY. HE SAID THAT PRIME MINISTER HAD
ALMOST USED COMMANDOS TO END SEQUESTRATION OF ASSEMBLY LAST WEEK.
HE ALSO EXPRESSED GUARDED OPTIMISM REGARDING CURRENT BALANCE OF
FORCES. MINISTER OF LABOR SUBSTANTIATED AND AMPLIFIED
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INFORMATION. END SUMMARY

1. REGARDING AN AGREEMENT BETWEEN PRIME MINISTER AND CONSTRUCTION WORKERS, SOARES AIDE RUI MATEUS TOLD EMBOFF NOV 19 THAT THE COUNCIL OF MINISTERS DID NOT FEEL BOUND BY ILLEGAL AGREEMENT (I.E. NOT APPROVED BY ENTIRE COUNCIL) REACHED UNDER DURESS. HE CONCEDED THAT WAGE PROVISIONS OF AGREEMENT WOULD HAVE TO BE MET, BUT SAID THAT INQUIRY INTO MINISTRY WOULD NOT TAKE PLACE. RUI MATEUS ALSO SAID THAT PRIME MINISTER HAD AT ONE POINT IN LAST WEEK'S SEQUESTRATION AGREED TO USE OF COMMANDOS AND SANTAREM CAVALRY UNIT, BUT HAD BACKED DOWN WHEN THESE TWO UNITS INSISTED ON AUTHORITY TO SHUT DOWN COMMUNIST-LINING -DIARIO DE NOTICIAS", "O SEculo", AND "RADIO CLUBE PORTUGUES" TO AVOID BEING CALLED "FASCISTS" FOR CARRYING OUT ORDERS. RUI MATEUS SAID THAT IT WOULD REQUIRE CONSIDERABLE TIME FOR NEW MINISTER OF LABOR TOMAS ROSA TO CONTROL MINISTRY EFFECTIVELY AND END COMMUNIST PRACTICES SUCH AS PAYMENT OF SECURITY GUARDS FOR THE COMMUNIST PARTY FROM LABOR MINISTRY FUNDS.

2. ON OVERALL SITUATION, RUI MATEUS EXPRESSED GUARDED OPTIMISM. HE ARGUED THAT NOV 16 COMMUNIST DEMONSTRATION IN LISBON HAD BEEN HELD AT TREMENDOUS COST TO COMMUNIST PARTY (PCP) AND OUT OF WEAKNESS, RATHER THAN STRENGTH. HE SAID THAT SOCIALISTS WERE ENCOURAGED BY DIVISIONS REFLECTED BETWEEN FAR LEFT AND COMMUNISTS IN DEMONSTRATION -- UNITARY REVOLUTIONARY FRONT (FUR) DID NOT PARTICIPATE. HE SAID SOCIALISTS WOULD NOT STAGE ANY MORE STREET DEMONSTRATIONS, SINCE KEY QUESTION OF AUTHORITY TO GOVERN REQUIRED MILITARY CLARIFICATION.

3. IN A SEPARATE CONVERSATION ALSO ON NOV 19, MINISTER OF LABOR TOMAS ROSA PROVIDED LABATT WITH INFORMATION WHICH SUBSTANTIATES THE ABOVE (REFTEL). ROSA SAID THAT DURING PERIOD WHEN HE WAS SEQUESTERED WITH PRIME MINISTER BY THE CONSTRUCTION WORKERS, HE TOLD PRIME MINISTER THAT CONSTRUCTION SECTOR WOULD BE ABLE TO PAY THE UNION'S PROPOSED WAGE SCHEDULE. HOWEVER, IT WOULD BE ABLE TO DO SO ONLY IF THE MINISTER OF PUBLIC WORKS WOULD COOPERATE PROMPTLY BY COMMENCING A NUMBER OF PREPLANNED PUBLIC WORKS PROJECTS. ROSA CLAIMS THE PRIME MINISTER LATER, DUE TO EXTREME FATIGUE, HAD GRANTED MORE OF THE CONSTRUCTION WORKERS' DEMANDS THAN ROSA HAD ADVISED, INCLUDING A WORKER INQUIRY INTO THE CURRENT ACTIVITIES OF THE LABOR MINISTRY. ROSA TOLD LABATT HE CONFIDENTIAL

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WILL ACCEPT A WORKER INQUIRY WITH THE UNDERSTANDING THAT IT MAY ONLY INVESTIGATE THE MINISTRY'S ACTIVITIES WHICH OCCURRED PRIOR TO SEPT 18, THE DAY BEFORE HE TOOK OFFICE.

4. ROSA CLAIMS THAT THE CIVIL CONSTRUCTION WORKER DEMONSTRATION AT SAO BENTO WAS COUNTERPRODUCTIVE FOR THE COMMUNISTS IN THAT THE SITUATION GOT OUT OF THEIR CONTROL, AND THE PUBLICWORKS MINISTRY IS FINALLY UNDER PUBLIC PRESSURE TO COMMENCE

WORKS PROJECTS TO RELIEVE UNEMPLOYMENT. ROSA MAINTAINS THAT PUBLIC WORKS MINISTER OLIVEIRA (A PCP MEMBER) HAS BEEN PURPOSEFULLY SABOTAGING THE PUBLIC WORKS PROGRAM IN ORDER TO EXACERBATE THE UNEMPLOYMENT SITUATION.

5. WITH REGARD TO COMMUNIST PENETRATION WITHIN THE MINISTRY OF LABOR, MINISTER SAID THERE WERE 127 PCP MEMBERS WHOM HE WISHES TO REMOVE AMONG THE MINISTRY'S 6,000 EMPLOYEES COUNTRYWIDE. OF THE 1,000 EMPLOYEES WORKING IN THE MINISTRY'S LISBON HEAD-QUARTERS, HE ESTIMATED THAT ONLY ABOUT TEN PERCENT WERE PCP MEMBERS OR SYMPATHIZERS BUT THESE HAD EXERCISED CONTROLLING INFLUENCE BY OCCUPYING KEY POSITIONS. ROSA SAID HE HAD RECENTLY SUSPENDED THE LEADER OF THE PCP ELEMENTS WITHIN THE MINISTRY, FARIA E SILVA, DIRECTOR OF PROFESSIONAL TRAINING. HE HAD ALSO REMOVED A LEADING PCP MEMBER FROM THE MINISTRY'S OFFICE IN AVEIRO AS HE HAD MADE THE MISTAKE OF WRITING A LETTER TO MELO ANTUNES CRITICAL OF THE XISTH GOVERNMENT'S POLICIES. (PRO-COMMUNIST "DIARIO DE NOTICIAS" ARTICLE NOV 20 REPORTS THAT ENGINEER VITOR MANUEL DOS SANTOS FARIA E SILVA WAS SUSPENDED NOV 17 AND WORKERS IN THE PROFESSIONAL TRAINING BUREAU ARE PROTESTING HIS REMOVAL).

6. COMMENT: THERE IS A REMARKABLE CONSISTENCY IN THE VIEWS EXPRESSED BY RUI MATEUS AND THE MINISTER OF LABOR. WE FIND IT DIFFICULT TO FIND THE SAME RAYS OF HOPE THAT RUI MATEUS CITES IN THE IMPRESSIVE DEMONSTRATION WHICH THE PCP HELD IN CENTRAL PLAZA ON NOV 16. HOWEVER, WE BELIEVE THEIR COMMENTS PROVIDE A COHERENT VIEW OF THE BALANCE OF FORCES AT PLAY DURING THE HEATED EVENTS OF LAST WEEK.
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